

Message Text

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PAGE 01 STATE 231288
ORIGIN STR-07

INFO OCT-01 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00
AID-05 SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 AF-10 ARA-11 EA-10 EUR-12 NEA-10
/167 R

DRAFTED BY STR/AFLAIG:ROLIVER
APPROVED BY STR/WKELLY
STR:JGREENWALD
COMMERCE:ROLIVER
TREASURY:EBARBER
LABOR:WRENISON
STATE:DMORAN
USDA:MECHOLS

-----098887 130248Z /64

P 122354Z SEP 78
FM SECSTATE WASHDC
TO USMISSION GENEVA PRIORITY

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USMTN FOR MTN GENEVA

E.O. 11652: GDS

TAGS: ETRD, MTN

SUBJECT: FRAMEWORK: BALANCE-OF-PAYMENTS REFORM

REFTELS: A. GENEVA 9983 B. GENEVA 11646

1. INTERAGENCY GROUP HAS CAREFULLY STUDIED SECRETARIAT'S
DRAFT B/P QUOTE DECLARATION END QUOTE (INF/25/REV. 1).
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PAGE 02 STATE 231288

WHILE DRAFT IS GOOD BASIS FOR NEGOTIATION, THERE ARE CERTAIN
PORTIONS OF THE TEXT THAT DO PRESENT DIFFICULTIES FROM
THE POINT OF VIEW OF THE U.S. AND SHOULD BE ADDRESSED IN
NEGOTIATIONS THIS FALL.

2. LDCS. -- U.S. SHOULD CONTINUE TO OPPOSE FORMULATION IN
PARA. 5 (DCS MAY EXEMPT LDCS FROM THEIR B/P MEASURE IF

THEY CONSIDER FEASIBLE, ETC.) AS UNACCEPTABLE. PLEDGE TO CONSIDER EXPORT INTERESTS OF LDCS WHEN B/P MEASURES ARE UNAVOIDABLE (PARA. 5) IS ABOUT AS FAR AS WE CAN GO.

3. CONSULTATIONS. -- SOME CLARIFICATION SHOULD BE MADE OF EXISTING LANGUAGE SO THAT WHILE REQUEST FOR FULL CONSULTATIONS WOULD BE BASED ON OBJECTIVE FACTORS, CONSULTATIONS PURSUANT TO SUCH A REQUEST COULD NOT BE BLOCKED BY COMMITTEE OR ANY CONTRACTING PARTY IF THEY ARE REQUESTED. MTN DEL MIGHT USEFULLY SEEK SECRETARIAT VIEWS ON AN

INFORMAL BASIS WITH REGARD TO INTERPRETATION OF CURRENT DRAFT IN THIS REGARD. IF THE DRAFT IS BEING READ SO AS TO REQUIRE FULL BOP COMMITTEE CONSENT IN ORDER TO CALL FULL CONSULTATIONS (I.E., REVERSAL OF PRESENT RULE THAT ANY CP CAN INSIST ON FULL CONSULTATIONS) THEN WE WOULD HAVE PROBLEMS.

4. DC QUOTE BEST EFFORTS PLEDGE END QUOTE AND QUOTE LEGALIZATION END QUOTE OF NON-QRS. -- IT WILL BE ESSENTIAL TO REACH COMPROMISE ON THESE TWO ISSUES DURING THE FALL THAT WILL SATISFY BOTH THE EC AND CONGRESS. ONE APPROACH MIGHT BE TO INCLUDE IN THE PREAMBLE A RECOGNITION OF COMMITMENTS MADE IN OECD TRADE PLEDGE ALONG THE FOLLOWING LINES: QUOTE

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PAGE 03 STATE 231288

RECALLING THAT DEVELOPED COUNTRIES HAVE RECOGNIZED THAT UNILATERAL TRADE OR OTHER CURRENT ACCOUNT MEASURES WOULD AGGRAVATE THE PROBLEMS OF OTHER COUNTRIES WITHOUT SOLVING THE UNDERLYING DIFFICULTIES IN A LONGER TERM PERSPECTIVE AND HAVE RECONFIRMED THEIR DETERMINATION TO AVOID HAVING RECOURSE TO SUCH MEASURES. END QUOTE

ON THE QUESTION OF LEGALIZATION OF NON-QRS, USG PREFERENCE IS TO OBTAIN QUOTE LEGALIZATION IN THE BODY OF THE TEXT. END QUOTE. SHOULD THIS PROVE NON-NEGOTIABLE, THERE MIGHT BE REFERENCE IN THE PREAMBLE ON USE OF MEASURES OTHER THAN QRS AND ACKNOWLEDGMENT THAT THOSE MEASURES WITH THE LEAST TRADE DISTORTING EFFECTS ARE PREFERRED.

5. IN ADDITION TO BOP ISSUE TPSC INTERAGENCY GROUP HAS ALSO REVIEWED PROGRESS OF OTHER FRAMEWORK GROUP ISSUES AND HAS FOLLOWING COMMENTS FOR GUIDANCE OF MTN DEL AS NEGOTIATIONS REOPEN IN SEPTEMBER.

6. ENABLING CLAUSE/RECIPROCITY/GRADUATION -- WASHINGTON CURRENTLY CONSIDERING POLICY OPTIONS ON THIS ISSUE IN ORDER TO MOVE BEYOND CURRENT IMPASSE OF LDC REFUSAL TO

NEGOTIATE ON BASIS OF MTN/INF/32 AND EXPECTS TO FORWARD
FURTHER INSTRUCTIONS IN THE NEAR FUTURE. WOULD APPRECIATE
DEL'S VIEWS REGARDING POSSIBLE OPTIONS.

7. SAFEGUARDS FOR ECONOMIC DEVELOPMENT PURPOSES. -- MTN
DEL SHOULD INFORMALLY DISCUSS WITH KEY DCS POSSIBLE WAYS
OF HANDLING MFN/INF/24/REV. 1. WASHINGTON IS CONSIDERING
PROBLEM AND WILL FORWARD FURTHER INSTRUCTIONS SHORTLY.
DEL MAY WISH TO SOUND OUT OTHER KEY DCS ALONG LINES OF
PREVIOUSLY APPROVED PROPOSAL ON ARTICLE XXVIII:A.

8. DISPUTE SETTLEMENT AND EXPORT CONTROLS. -- DEL MAY BE
GUIDED BY PREVIOUS INSTRUCTIONS. CHRISTOPHER

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Message Attributes

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Disposition Approved on Date:
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